

Message Text

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EB-07 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

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APPROVED BY EB/IFD/ODF:JABWINDER

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STATE:RDUNCAN (DRAFT)

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R 171841Z MAY 76

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO AMEMBASSY ABIDJAN

AMEMBASSY BELGRADE

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E.O. 11652:

TAGS:

SUBJECT: U.S. PARTICIPATION IN AFRICAN DEVELOPMENT FUND

REF: LONDON 06544

1. TENTATIVE ARRANGEMENTS TO REPRESENT THE U.S. ONCE IT JOIN

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THE AFRICAN DEVELOPMENT FUND WERE WORKED OUT AT ANNUAL
MEETING IN KINSHASA. YOU ARE ASKED TO CONFIRM THEM.

2. GORDON (U.S. DEL) HAD SEVERAL CONVERSATIONS WITH TURNER (UK DEL) AT AFRICAN BANK/FUND ANNUAL MEETING WEEK OF MAY 3-7. HE INDICATED OUR DESIRE TO JOIN UK GROUP, OUR EXPECTATION THAT WE WOULD BE IN A POSITION TO ACTUALLY JOIN THE FUND THIS SUMMER AND, THEREFORE, THE NEED TO EXPLORE ARRANGEMENTS ON REPRESENTATION AT THE BOARD NOW. HE FURTHER STATED THAT ONCE WE BECOME MEMBERS WE MIGHT PROPOSE THAT A U.S. DIRECTOR HEAD THE GROUP BEGINNING WITH THE MAY 1977 ELECTION. THE PRESENCE OF A FULL-TIME DIRECTOR WOULD STRENGTHEN OUR POSITION VIS-A-VIS CONGRESS WHEN APPROPRIATIONS REQUESTS ARE MADE.

3. TURNER SAW THE QUESTION AS FALLING INTO TWO DISTINCT TIME PERIODS. FOR THE FIRST, THE ONE-YEAR PERIOD BEGINNING WITH THE ELECTION OF DIRECTORS AT CURRENT ANNUAL MEETING,

HE BELIEVED THE UK WOULD BE HAPPY TO REPRESENT U.S. INTERESTS THROUGH THEIR DIRECTOR, THEIR AMBASSADOR IN ABIDJAN. FOR THE SECOND PERIOD, WHICH WOULD COMMENCE WITH THE ELECTION OF DIRECTORS FOR A THREE-YEAR TERM AT THE ANNUAL MEETING TO BE HELD IN MAY 1977, HE PERSONALLY FOUND THE IDEA OF AN AMERICAN HEADING THE GROUP ACCEPTABLE. NEVERTHELESS, THAT ISSUE HAD TO REMAIN OPEN BECAUSE HIS GOVERNMENT (I.E., THE FOREIGN OFFICE) WAS CONSIDERING A GROUPING WITH AN EEC MEMBER, WITH ITALY AS THE MOST LIKELY CANDIDATE.

4. THE YUGOSLAVS, THE OTHER MEMBER OF THE UK GROUP, HOLDING THE ALTERNATE DIRECTORSHIP, PARTICIPATED IN THESE DISCUSSIONS AND SAID THAT THEY WELCOMED THE U.S. AS A MEMBER OF THE GROUP.

5. IT WAS AGREED THAT GORDON WOULD REVIEW THE SITUATION AGAIN IN WASHINGTON AND IF THESE UNDERSTANDINGS WERE APPROVED CONFIRM THEM BY A MESSAGE TO LONDON.

6. YOU MAY NOW STATE THAT THESE ARRANGEMENTS ARE ACCEPTABLE TO US AND REQUEST AGREEMENT TO THEM BY THE UK. IN ADDITION, LIMITED OFFICIAL USE

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WE WOULD LIKE THE UK AUTHORITIES TO CONSIDER THE POSSIBILITY OF APPOINTING A U.S. ALTERNATE IN THE PERIOD FROM THE TIME WE JOIN TO THE NEXT ELECTION OF DIRECTORS IN MAY 1977. THIS ALTERNATE MIGHT FUNCTION EITHER FULL OR PART TIME. HIS PRESENCE AND THE KNOWLEDGE WE WOULD GAIN OF THE INNER WORKINGS OF THE BANK WOULD PUT THE ADMINISTRATION IN A BETTER POSITION TO JUSTIFY APPROPRIATIONS REQUESTS MADE IN THE SPRING OF 1977.

7. WE DO NOT INTEND TO APPROACH THE YUGOSLAVS UNTIL WE

RECEIVE A REACTION FROM LONDON. WE REALIZE THAT BRITISH AGREEMENT TO A U.S. ALTERNATE WOULD DISPLACE YUGOSLAVIA. HOWEVER, SINCE THEY HAVE NO EMBASSY IN THE IVORY COAST AND CONSULTATIONS WITH THE BRITISH ON BANK MATTERS ARE APPARENTLY INFREQUENT NOW, THIS MAY NOT BE A SERIOUS PROBLEM. BELGRADE SHOULD CONSIDER THIS MESSAGE AS ENTIRELY FYI FOR THE TIME BEING.

8. FOR LONDON FYI: ANOTHER POSSIBILITY IF THE APPOINTMENT OF AN ALTERNATE PROVED TO BE DIFFICULT FOR THE UK WOULD BE THE APPOINTMENT OF A U.S. DIRECTOR IF A SUITABLE OCCASION AROSE TO REPLACE THE PRESENT REPRESENTATIVE. HE IS UNENTHUSIASTIC ENOUGH NOT TO WISH TO INTERRUPT HIS VACATION TO ATTEND THE ANNUAL MEETING.

9. COMMENT: IT WAS CLEAR FROM THE MEETINGS IN KINSHASA THAT THE BRITISH HAVE PROBLEMS IN THEIR RELATIONS WITH THE AFRICAN DEVELOPMENT FUND. THEIR CURRENT SUBSCRIPTION IS ONLY 5.2 MILLION UNITS OF ACCOUNT OR \$5.8 MILLION (ONE U/A EQUALS \$1.11). THEIR SUBSCRIPTION TO THE SPECIAL GENERAL INCREASE, AGREED IN 1974, AND THE FIRST GENERAL REPLENISHMENT OF 4 MILLION AND 17 MILLION UNITS OF ACCOUNT, RESPECTIVELY, HAS BEEN DELAYED PENDING RESOLUTION OF WHAT THEY CALL A MAINTENANCE-OF-VALUE PROBLEM. APPARENTLY (BECAUSE THE UK DELEGATE FELT HIMSELF INCAPABLE OF EXPLAINING IT) THE UK WOULD LIKE TO IGNORE THE FACT THAT ITS SUBSCRIPTION IS DENOMINATED IN UNITS OF ACCOUNT AND PAY THE NUMBER OF POUNDS STERLING REQUIRED BY THE RELATIONSHIP OF THE POUND TO THE UNIT OF ACCOUNT WHEN THE ORIGINAL COMMITMENT WAS MADE. IF THE UK IS SUCCESSFUL THEN ITS LIMITED OFFICIAL USE

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CUMULATIVE SUBSCRIPTION, WHEN THE GENERAL REPLENISHMENT BECOMES EFFECTIVE LATER THIS YEAR, WOULD BE LESS THAN THE \$29 MILLION NOW CALLED FOR. IN COMPARISON, THE INITIAL U.S. SUBSCRIPTION WOULD BE \$15,000,000 AND WE PLAN TO RAISE IT TO \$25,000,000 IN FY 1978 IF CONGRESS AGREES. KISSINGER

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